



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

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FEBRUARY 1998

FEBRUARY HIGHLIGHTS

- ❑ Strong local job growth continues to put downward pressure on the County's unemployment rate which fell to 1.7 percent in December, according to data reported by the Virginia Employment Commission.
- ❑ December retail performance throughout Northern Virginia was very uneven, ranging from an increase of 17.0 percent in Alexandria to a decline of 14.4 percent in Fairfax City.
- ❑ December retail sales on the national level advanced 5.2 percent relative to last year.
- ❑ Although the number of telephone lines in the County maintained by Bell Atlantic continues to grow at a strong rate, there is evidence that the pace is beginning to moderate as smaller increases are being registered in the business component.
- ❑ In 1997, both the volume and the median selling prices of existing single family and townhomes homes sold in the County surpassed that of 1996. By contrast, existing condominiums experienced a decline in terms of volume and median selling price relative to last year.
- ❑ Consistent with recent trends, the volume of new home sales in the County in 1997 underperformed that of 1996, but the increases were registered in the median selling prices of all types of new homes.
- ❑ The Fairfax County Coincident and Leading Indices both advanced in December. Further moderate economic growth is anticipated in 1998.

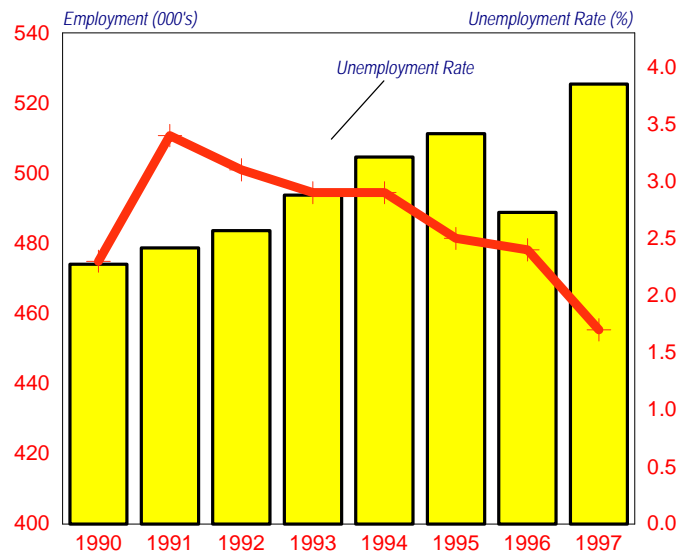
The *Fairfax County Economic Indicators* is now on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>

If the web versions are sufficient for your needs, please contact Marijke Hannam at (703) 324-4518 to be taken off the monthly mailing list.



RESIDENTIAL EMPLOYMENT- DECEMBER



Source: Virginia Employment Commission
Compiled by the Fairfax County Office of Management and Budget

Employment of County residents strengthens further...

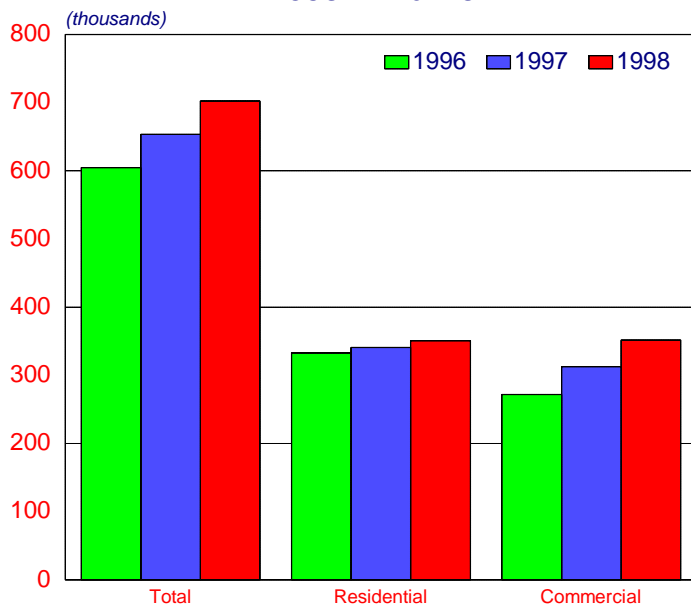
The County's unemployment rate dropped even further in December, declining 0.2 percentage points to 1.7 percent, according to the Virginia Employment Commission (VEC). An unemployment rate this low has not been registered in the County since April 1990. Once again, December's rate is significantly below that of one year ago, when the unemployment rate was 2.4 percent. The VEC also reported that 525,436, Fairfax County residents were employed in December, up 7.5 percent, or 36,592 jobs, over the prior year.



Unemployment on State and national levels low also...

The Commonwealth's unemployment rate also declined in December, shaving off 0.3 points to 3.1 percent. By contrast, the national unemployment rate edged up a slight 0.1 per-centage point to 4.7 percent in December, according to the Bureau of Labor Statistics. Despite the increase, though, an unemployment rate of 4.7 percent on the national level is also quite low.

BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - JANUARY



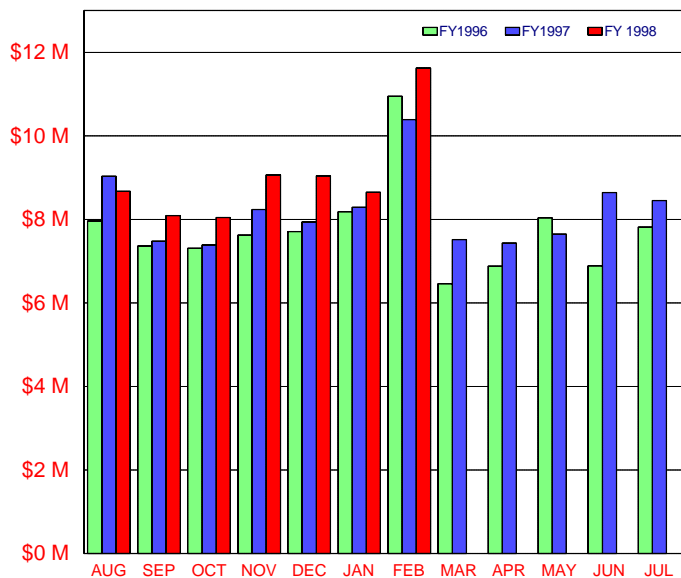
Source: Bell Atlantic
Compiled by the Fairfax County Office of Management and Budget

Growth in the number of telephone lines moderating...

As of January 31, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 702,328 telephone lines, up 7.5 percent, or 48,901 lines, over January 1997. Although this increase is still rather strong, there is evidence that growth has begun to moderate due to smaller increases in the business component. For example, as of January, the business sector had added 39,033 telephone lines since January 1997, indicating a growth rate of 12.5 percent. This is the slowest rate of growth since late 1996. In January, 351,580 business telephone lines were registered in Fairfax County. Residential telephone lines totaled 350,748 in January, 2.9 percent, or 9,868 more lines than January 1997.

SALES TAX REVENUES

(revenues represent retail sales two months prior)

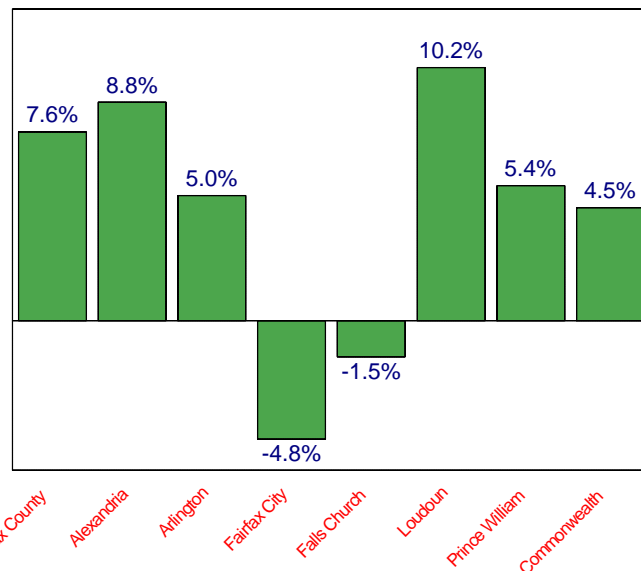


Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

Holiday sales in the County were robust...

Fairfax County's February Sales Tax receipts, representing retail purchases made in December, topped 1996 holiday sales by 11.9 percent. To date, FY 1998 Sales Tax receipts total \$63.2 million and lead the prior fiscal year by a 7.6 percent margin. It should be noted that due to a major department store filing late last year, February 1997 receipts are artificially low. As a result, the increase registered this February, and that posted to date, may be slightly overstated.

FY 1998 SALES TAX RECEIPTS - THROUGH FEBRUARY



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

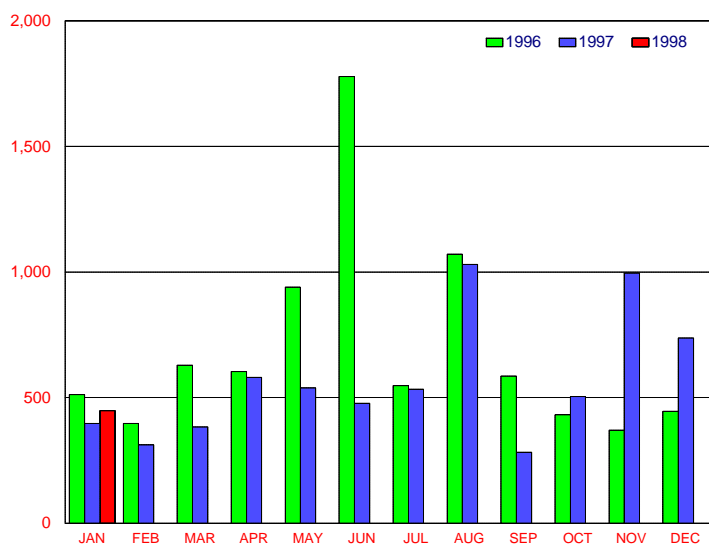
December retail performance varied throughout Northern Virginia...

December retail performance throughout Northern Virginia, as indicated by February Sales Tax receipts, was very uneven. Relative to last year, sales of taxable retail goods in December ranged from an increase 17.0 percent in Alexandria to a decline of 14.4 percent in Fairfax City. Through February, FY 1998 Sales Tax collections are up 10.2 percent in Loudoun, 8.8 percent in Alexandria, 5.4 percent in Prince William, and 5.0 percent in Arlington. Cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City now trail FY 1997 by 1.5 percent and 4.8 percent, respectively. The Commonwealth experienced a 6.8 percent increase in total Sales Tax receipts in February, thereby bolstering the lead relative to FY 1997 to 4.5 percent.

National retail sales increase 5.2 percent in December...

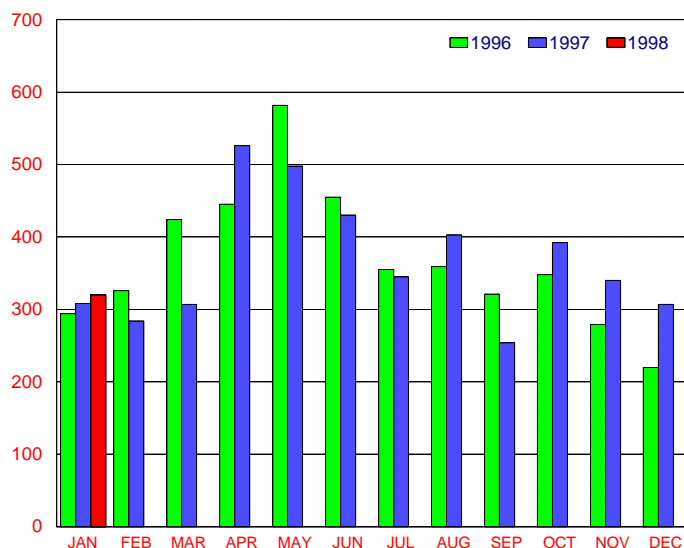
December retail sales on the national level, according to the Commerce Department, advanced 5.2 percent over December 1996, with durable goods sales posting an 8.4 percent increase and nondurable goods sales gaining a more modest 3.3 percent, relative to last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



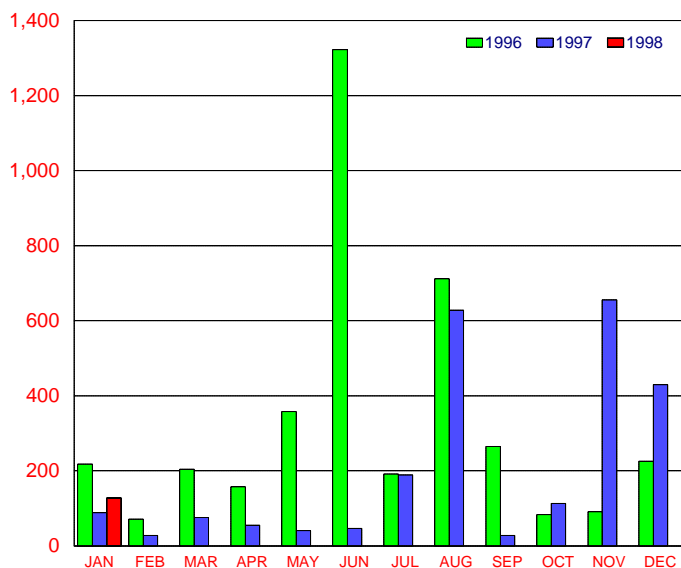
Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

The number of residential dwelling permits issued increases for fourth consecutive month...

January represents the fourth consecutive month that issues of new residential dwelling permits surpassed that of last year. In January, 448 permits were issued by the County. This level reflects an increase of 12.9 percent, or 51 permits over January 1997. Permit issues for multifamily structures totaled 128 in January, up 43.8 percent, or 39 permits, while permit issues for single family structures increased a more moderate 3.9 percent, or 12 permits, to 320, relative to last year.

Residential repair and alteration permit issues totaled 965 in January, just a slight 0.8 percent, or 8 permits, ahead of January 1997.

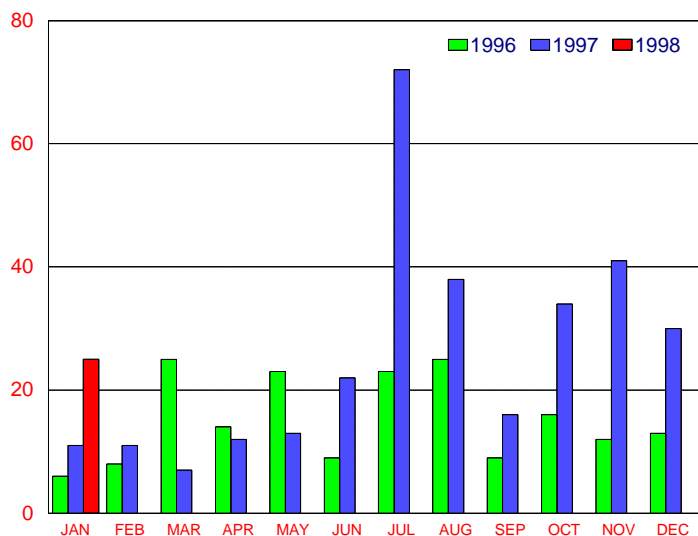
Housing starts on national level top prior year by 11.1 percent in January...

In January, new privately owned housing starts on the national level were up 11.1 percent relative to January 1997, according to the Commerce Department. More specifically, housing starts were up 34.3 percent in the Midwest, 14.2 percent in the West, and 7.0 percent in the South. By contrast, the Northeast experienced a decline of 5.9 percent in January.

Issues of nonresidential building permits up again nationwide...

The Commerce Department also reported that the number of residential building permits issued nationwide in January topped that of 1996 by a 5.6 percent margin. On a regional basis, residential building permits issues were up 17.1 percent in the Northeast, 11.2 percent in the Midwest, 3.9 percent in the West, and 2.7 percent in the South.

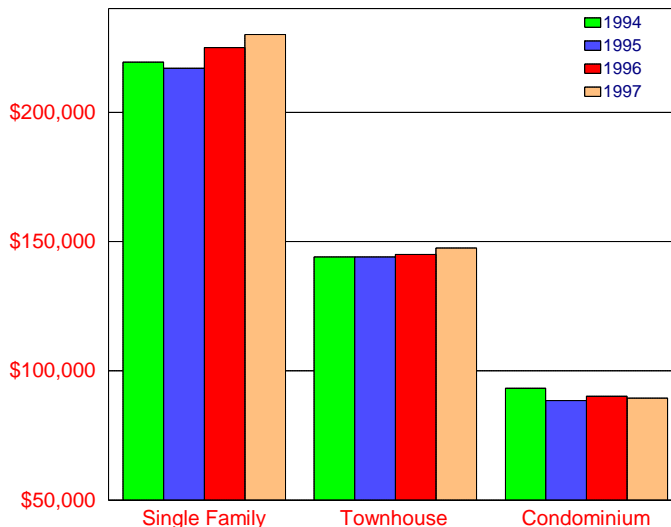
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD ANNUAL MEDIAN PRICES 1994 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

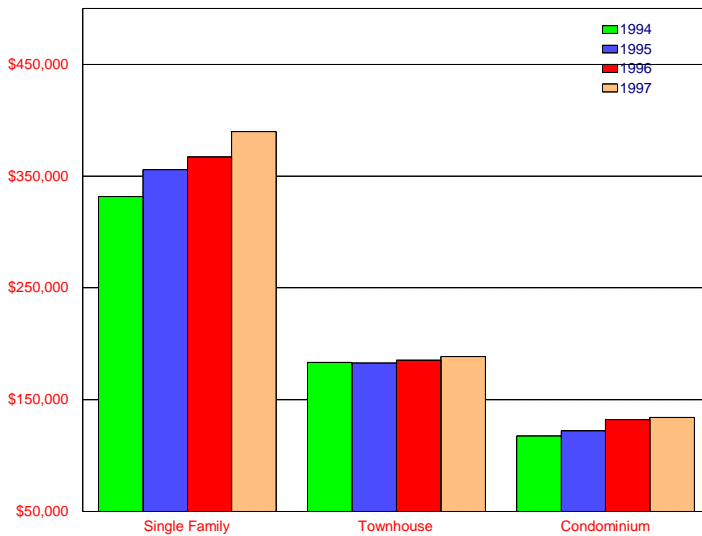
County issues of nonresidential building permits up again...

For the eighth consecutive month, a significant increase in the number of nonresidential building permits issued was posted in January. The 25 permits issued represent an increase of 127.3 percent, or 14 permits, over January 1997. The recent increases in nonresidential building activity are fueled in part by the County's declining office vacancy rate which fell to 5.4 percent by mid-year 1997, according to the Fairfax County Economic Development Authority. By contrast, issues of nonresidential repair and alteration permits lost ground in January with only 286 permits being issued, 17.6 percent, or 61 permits, fewer than that of January 1997.

Existing condominium sales, in terms of median selling price, falls short in 1997...

Based on final 1997 sales data, the median selling prices of single family homes and existing townhomes in the County increased in 1997, while that of existing condominiums slipped slightly. More specifically, the median selling price of existing single family homes in 1997 is \$230,000, up 2.2 percent from 1996's \$225,000. Similarly, a median selling price of \$147,500 was established for existing townhomes in 1997, up 1.7 percent over the \$145,000 registered in 1996. By contrast, existing condominium sales in 1997 indicate a 0.8 percent decline in the median selling price to \$89,500 from \$90,243 in 1996.

MEDIAN PRICE OF NEW HOMES SOLD ANNUAL MEDIAN PRICES 1994 - 1997

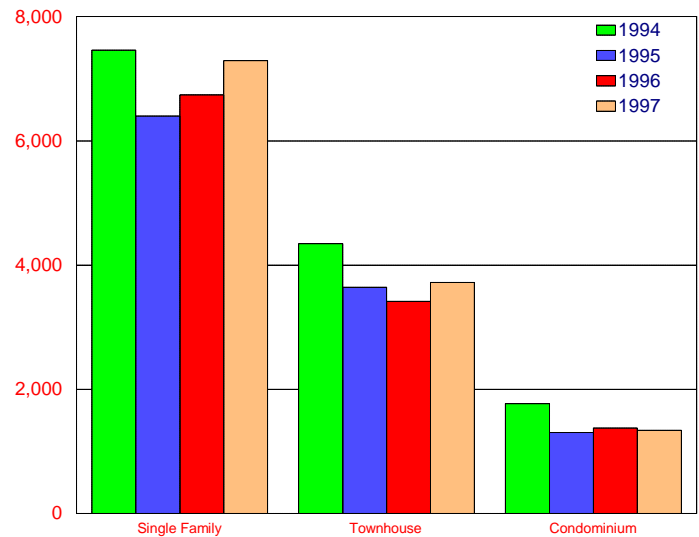


Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

New homes sold for higher prices in 1997...

Final 1997 sales data indicate increases in the median selling prices of new homes in the County. In 1997, the median selling price of new single family homes increased 6.1 percent to \$389,747 from the \$367,225 registered in 1996. New townhomes sold for a median price of \$188,481 in 1997, up 1.7 percent from the \$185,400 established in 1996. New condominiums sold for a median price of \$134,038 in 1997, an increase of 1.4 percent over the \$132,185 registered in 1996.

NUMBER OF EXISTING HOMES SOLD 1994 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Volume of existing single family and townhome sales up in 1997...

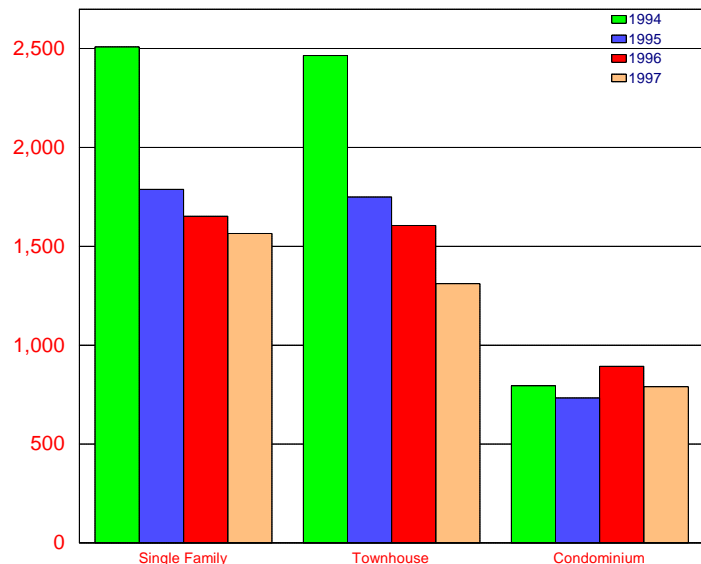
The final 1997 sales volume of existing single family homes and townhomes in the County surpassed that of 1996, while existing condominium sales fell short. In 1997, 6,742 existing single family homes were sold, up 8.1 percent, or 549 homes, over the level registered in 1996. Sales of existing townhomes total 3,719 units in 1997, up 8.8 percent, or 301 units, over the same period in 1996. By contrast, the 1,338 existing condominiums sold in 1997 trail that of 1996 by 2.8 percent, or 39 homes.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD 1997 COMPARED TO 1996

	Existing Sales	New Sales
Single Family	2.2	6.1
Townhouse	1.7	1.7
Condominium	-0.8	1.4

Source: Department of Tax Administration
Compiled by the Office of Management and Budget

NUMBER OF NEW HOMES SOLD 1994 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

The volume of new home sales in the County declined in 1997...

Consistent with recent trends, the sales volume of new homes in the County was down in 1997 relative to 1996. For example, the 1,310 new townhomes sold in 1997 were down 18.4 percent, or 295 units, from 1996. Similarly, sales of new single family homes totaled 1,565 and were down 5.3 percent, or 88 units, from 1996. In 1997, 790 new condominiums were sold, down 11.6 percent, or 104 units, from last year.

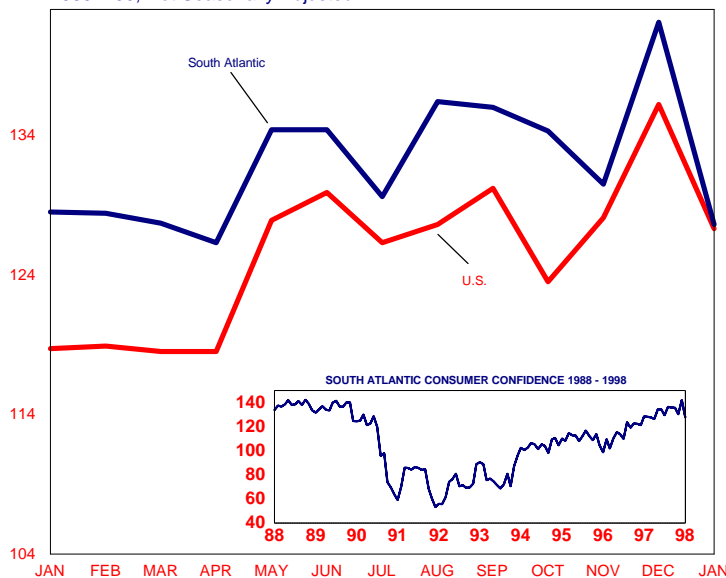
Sales of new homes increased nationwide in 1997...

Sales of new homes in 1997 outpaced 1996 by 5.7 percent, according to the Commerce Department. More specifically, new home sales were up 7.4 percent in the South, 6.8 percent in the Northeast, 5.3 percent in the West, and 1.5 percent in the Midwest.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES

1985=100, Not Seasonally Adjusted



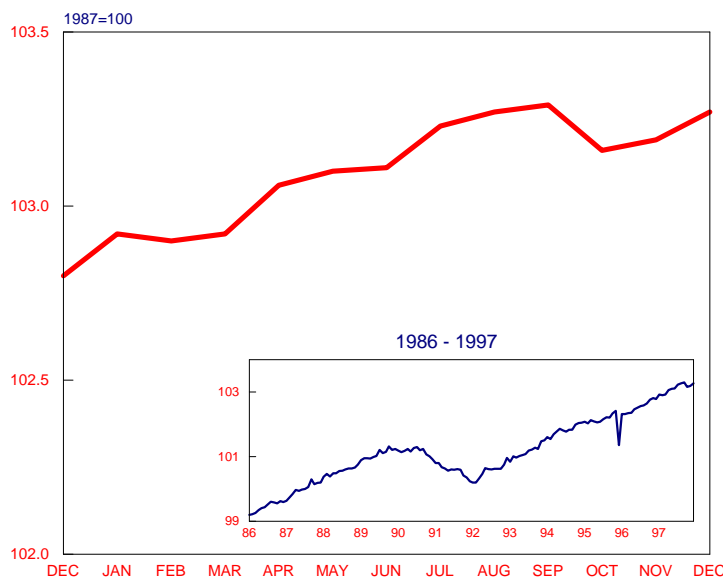
Source: Conference Board
Compiled by the Fairfax County Office of Management and Budget

December's gains in consumer confidence on regional and national levels erased in January...

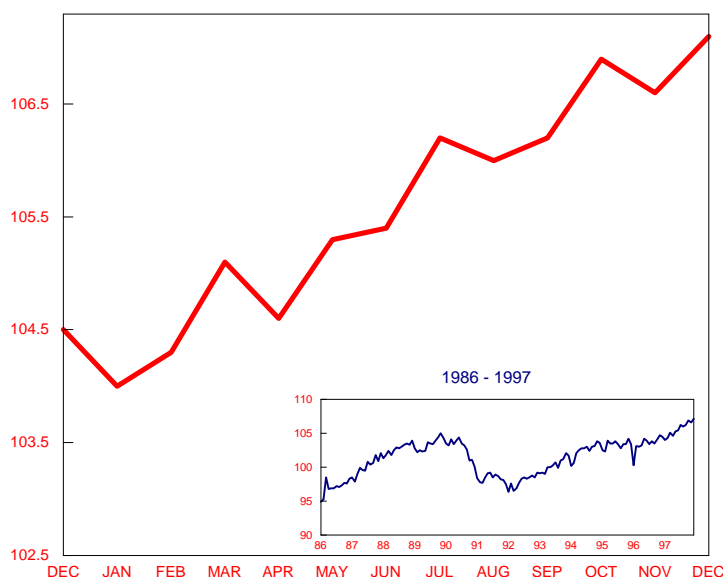
December's gain in the Conference Board's South Atlantic Consumer Confidence Index was erased in January as the Index dropped 14.5 points, falling to 127.6. Similarly, the national Consumer Confidence Index declined 8.9 points to 127.3, after increasing 8.1 points in December.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



METROPOLITAN COINCIDENT INDEX



*County's economy
healthy in
December...*

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased 0.08 points to 103.27 in December with three of the Index's four components making positive contributions. Total employment, adjusted for seasonal variation, posted its sixth consecutive increase; Transient Occupancy Tax collections increased for the second straight month, following a three-month downward; and Consumer confidence in the South Atlantic region increased to its highest level ever in December, after declining in the previous three months. By contrast, Sales Tax receipts, adjusted for inflation and seasonal variation, declined for a second consecutive month.

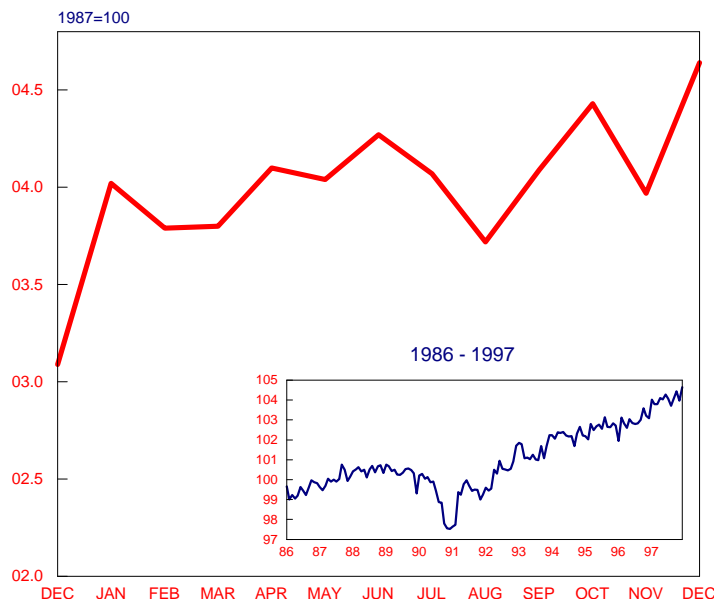


*Metropolitan Coincident
Index posts gain in
December...*

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, gained 0.5 points in December, increasing to 107.1. The Index's four components were split in terms of their respective contributions. More specifically, wage and salary employment posted an advance for the fourth consecutive month and the tenth time in 1997 and consumer confidence in the South Atlantic gained sharply. By contrast, nondurable goods retail sales slipped, for the second consecutive month and domestic passenger volume at National Airport declined for the second consecutive month.

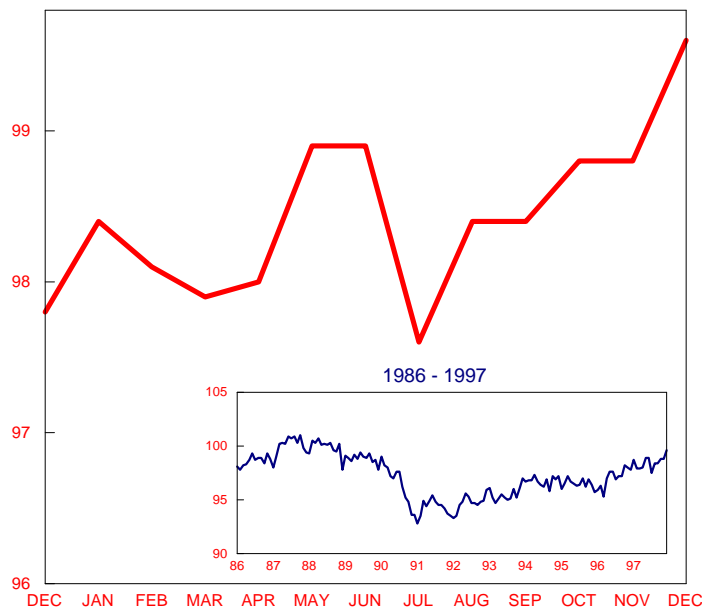


FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

METROPOLITAN LEADING INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

**Outlook for County's
economic performance in
1998 remains positive...**

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, registered its strongest gain since the beginning of 1997, increasing 0.67 points in December to 104.64, more than offsetting November's decline and reestablishing the Index's strong upward trend. In December, three of the Index's five components contributed to its increase. New automobile registrations posted an advance; South Atlantic consumer expectations (consumer confidence six months hence) gained sharply after declining in November and October; and the mean value of residential building permits increased following declines in the previous two months. Contributing negatively in December were initial claims for unemployment insurance which increased (worsened) for the second time in three months, and the number of residential building permits issued by the County which declined after posting a significant increase in November.



**Metropolitan Leading Index
posts fifth consecutive
advance in December...**

In December, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance, posted a gain of 0.8 points, increasing to 99.6. The Index has now advanced for three consecutive months, indicating further economic growth for the region in 1998. In December, all of the Index's five components were positive. The number of residential building permits issued a substantial gain, as did the Help Wanted Index. Consumer expectations (consumer confidence six months hence), and durable goods retail sales made positive contributions in December, following declines in November. Initial claims for unemployment insurance increased (worsened) for the first time in three months.



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